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TRADEMARK PARODY: HOW TO BALANCE THE LANHAM ACT WITH THE FIRST AMENDMENT

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I. INTRODUCTION

Although the Supreme Court has given full First Amendment protection to expressions about philosophical, social, artistic, economic, literary, and ethical issues,[1] the level of protection afforded to parodies of trademarks remains an unsolved issue.[2] Historically, the Lanham Act[3] has prohibited any use of a trademark that would harm the trademark's good will.[4] However, public policy considerations deem important both the protection of the right to parody another's trademark and the protection of one's trademark investment and good will.[5]

This comment focuses on how courts inconsistently resolved the problem of reconciling the Lanham Act with First Amendment freedom of speech rights. First, the comment gives a brief history of the development of trademark law, specifically the Lanham Act and the Federal Trademark Dilution Act of 1995.[6] Next, the comment describes the First Amendment as a defense[7] and how parody represents a de-

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1. *See* Abood v. Detroit Bd. of Educ., 431 U.S. 209, 231 (1977).

2. *See* Anthony Pearson, Note, *Commercial Trademark Parody, the Federal Trademark Dilution Act, and the First Amendment*, 32 VAL. U. L. REV. 973, 999 (1998).

3. 15 U.S.C. §§ 1051-1129 (2004).

4. *See* Dallas Cowboys Cheerleaders, Inc. v. Pussycat Cinema, Ltd., 604 F.2d 200, 205 (2d Cir. 1979) (quoting Coca-Cola Co. v. Gemini Rising, Inc., 346 F. Supp. 1183, 1189 (E.D.N.Y. 1972)).

5. *See* Siegrun D. Kane, *Trademark Law: A Practitioner's Guide*, 4 PRACTICING LAW INST. § 12:1.3 (4th ed. 2002).

6. *See* discussion *infra* Part II.A-B.

7. *See* discussion *infra* Part II.C.

fense to the unauthorized use of another's trademark.[8] After identifying the lack of a uniformly applied parody defense to trademark uses,[9] the comment then compares various courts' interpretations of the Lanham Act as applied to cases involving parody.[10] Finally, this comment proposes amendments to the Act to define a parody defense and to suggest guidelines for courts to follow in order to interpret the parody defense in trademark infringement and dilution causes of action.[11]

II. BACKGROUND

To understand the legal consequences of a trademark parody, the development of various laws must be considered. Historians have traced the long history of trademark law and trademark infringement,[12] but dilution is a newer form of trademark protection.[13] Furthermore, the Supreme Court has applied the First Amendment when trademarks are parodied in advertisements.[14]

A. Trademark

A trademark is a word, name, symbol, device, or any combination of these designations that is used to identify and distinguish a person's goods from the goods of others and to indicate the source of the goods.[15] A service mark is a trademark used with regard to services.[16]

1. The Development of Trademarks

Trademarks date back to ancient times when they were used to indicate ownership of goods made by local guilds.[17] As commercial trade expanded, trademarks began to function as a source identification of the goods.[18]

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8. *See* discussion *infra* Part II.D-F.
9. *See* discussion *infra* Part III.
10. *See* discussion *infra* Part IV.
11. *See* discussion *infra* Part V.
12. *See* Sidney A. Diamond, *The Historical Development of Trademarks*, 65 TRADEMARK REP. 265, 266 (1975).
13. *See* discussion *infra* Part II.B.
14. *See* Va. State Bd. of Pharmacy v. Va. Citizens Consumer Council, Inc., 425 U.S. 748 (1976).
15. *See* 15 U.S.C. § 1127 (2004).
16. *See id.*
17. *See* RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 9 cmt. b (1995).
18. *See id.*

Under contemporary use, trademarks attract and inform consumers as well as distinguish products.[19] Trademarks serve three different functions: source identification, consistency guarantee, and advertising medium.[20]

The protection of trademarks has arisen to maintain commercial morality and fair dealing in the marketplace[21] and has a strong basis in economic principles.[22] With effective trademark protection, trademark holders reap the benefits of a superior reputation through the improvement of product quality or service.[23] To consumers, trademarks represent a guarantee of consistency such that the goods bought today will be of the same quality as the goods bearing the same trademark that were bought yesterday.[24]

As the markets for goods and services extended to wide areas, trademarks began to serve an important purpose in advertisements.[25] Placing a mark that signified a favorable reputation led to sales based on the good will of the mark generated through advertising.[26] Trademarks have become an indispensable part of today's economic system because they are the only practical means for the consumer to select a particular good or service from among the variety of choices available to them that meet the individual needs of that consumer.[27]

2. The Lanham Act

The origin of U.S. trademark law can be traced to the common law action for deceit that resulted when a consumer purchased a product labeled with a competitor's trademark.[28] Trademarks continue to have a sustained history of protec-

19. *See* Steven M. Perez, Comment, *Confronting Biased Treatment of Trademark Parody Under the Lanham Act*, 44 EMORY L.J. 1451, 1456 (1995).

20. *See* Diamond, *supra* note 12, at 289-90.

21. *See* RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 9 cmt. c (1995).

22. *See* Karen Levy, Note, *Trademark Parody: A Conflict Between Constitutional and Intellectual Property Interests*, 69 GEO. WASH. L. REV. 425, 429 (2001).

23. *See* RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 9 cmt. c.

24. *See* Diamond, *supra* note 12, at 289.

25. *See* RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 9 cmt. c.

26. *See id.*

27. *See* Diamond, *supra* note 12, at 290.

28. *See* Daniel M. McClure, *Trademarks and Unfair Competition: A Critical History of Legal Thought*, 69 TRADEMARK REP. 305, 311-12 (1979).

tion under common law and state statutes.[29]

With authority granted under the Commerce Clause,[30] Congress enacted the Lanham Act[31] on July 5, 1947 to federalize much of the trademark common law and to protect trademarks from infringement and unfair competition.[32] In its report on the Lanham Act, the Senate Committee conveyed the rationale that to protect trademarks is to "protect the public from deceit, to foster fair competition, and to secure to the business community the advantages of reputation and good will by preventing their diversion from those who have created them to those who have not."[33] Thus, the Act has maintained the same dual goals of common law to protect consumers from the likelihood of confusion and to protect trademark owners from misappropriation.[34]

3. Trademark Infringement

The Lanham Act protects against the infringement of both unregistered[35] marks and marks registered with the U.S. Patent and Trademark Office.[36] A test of the likelihood of confusion establishes whether infringement has occurred and

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29. *See* Trade-Mark Cases, 100 U.S. 82 (1879). "The right to adopt and use a symbol or a device to distinguish the goods or property . . . to the exclusion of use by all other persons, has been long recognized by the common law . . . ." *Id.* at 92.

30. *See* U.S. CONST. art. I, § 8, cl. 3 ("Congress shall have the Power . . . to regulate commerce with foreign nations, and among the several states, and with the Indian tribes.").

31. 15 U.S.C. §§ 1051-1129 (2004).

32. *See id.* § 1127. The intent of the Lanham Act is

> to regulate commerce within the control of Congress by making actionable the deceptive and misleading use of marks in such commerce; to protect registered marks used in such commerce from interference by State, or territorial legislation; to protect persons engaged in such commerce against unfair competition; to prevent fraud and deception in such commerce by the use of reproductions, copies, counterfeits, or colorable imitations of registered marks; and to provide rights and remedies stipulated by treaties and conventions respecting trademarks, trade names, and unfair competition entered into between the United States and foreign nations.

Id.

33. S. REP. NO. 79-1333, at 3 (1946).

34. *See* Park 'N Fly, Inc. v. Dollar Park & Fly, Inc., 469 U.S. 189, 198 (1985) (stating that "[t]he Lanham Act provides national protection of trademarks in order to secure to the owner of the mark the goodwill of his business and to protect the ability of consumers to distinguish among competing producers").

35. *See* 15 U.S.C. § 1125.

36. *See id.* § 1114.

serves as the basic test for both common law and federal statutory trademark infringement.[37] Although circuit courts refer to them by different names, this comment will call the likelihood of confusion test the "Polaroid" factors.[38] The "Polaroid" factors compare the trademark owner's use to that of the accused infringer's use of the mark to determine whether the public is likely to be confused.[39]

B. Dilution

Frank Schechter is credited with creating the idea of dilution in his 1927 article, *The Rational Basis of Trademark Protection*.[40] Schechter argued that the "preservation of the uniqueness of a trademark" is the essential trademark right that amounted to a property right belonging to the owner of a distinctive trademark.[41]

Trademark dilution,[42] unlike trademark infringement, occurs when the distinctive quality of a strong trademark, used to identify the source of goods or services bearing that mark, is diminished over time due to unauthorized acts of third parties.[43] A weakening of a mark's ability to distinguish its source can occur through "blurring" or "tarnishment."[44] Dilu-

37. *See* J. THOMAS MCCARTHY, 4 MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 23:01 (4th ed. 2002).

38. *See* Polaroid Corp. v. Polarad Elecs. Corp., 287 F.2d 492, 495 (2d Cir. 1961).

39. *See id.* The Polaroid factors include (1) strength of plaintiff's mark; (2) degree of similarity between plaintiff's and defendant's marks; (3) proximity of the products or services; (4) likelihood that plaintiff will bridge the gap; (5) evidence of actual confusion; (6) defendant's good faith in adopting the mark; (7) quality of defendant's product or service; and (8) sophistication of the buyers. *Id.*

40. Frank I. Schechter, *The Rational Basis of Trademark Protection*, 40 HARV. L. REV. 813 (1927). Instead of consumer confusion, the actual damage from concurrent use of a mark on different goods is the "gradual whittling away or dispersion of the identity and hold upon the public mind of the mark or name by its use upon non-competing goods." *Id.* at 825.

41. *Id.* at 831.

42. Dilution is "the lessening of the capacity of a famous mark to identify and distinguish goods or services, regardless of the presence or absence of—(1) competition between the owner of the famous mark and other parties, or (2) likelihood of confusion, mistake, or deception." 15 U.S.C. § 1127 (2004).

43. *See* MCCARTHY, *supra* note 37, § 24:70. "The dilution theory grants protection to strong, well-recognized marks even in the absence of a likelihood of confusion, if defendant's use is such as to diminish or dilute the strong identification value of the plaintiff's mark even while not confusing customers as to source, sponsorship, affiliation or connection." *Id.*

44. *See id.* § 24:67.

tion by blurring arises when consumers see the trademark holder's mark used on the products of the infringer, resulting in a weakening of the trademark's distinctiveness and ability to distinguish the source.[45] For example, DuPont shoes, Buick aspirin tablets, and Kodak pianos hypothesize trademark use that dilutes the strength of a mark through blurring.[46]

Tarnishment results when the unauthorized use of a trademark degrades any positive associations of the mark in the minds of the consumers.[47] To illustrate the tarnishment of a famous trademark, consider *Deere & Co. v. MTD Products, Inc.*[48] A competitor lawn tractor company created an animated commercial in which the MTD tractor frightened the Deere & Co.'s trademarked deer.[49] Because the court found that the alteration of the trademark significantly weakened the positive association with Deere & Co.'s product, the court enjoined the junior user from tarnishing the reputation of the trademark.[50] Although blurring and tarnishment are defined differently, they both lessen the distinctive quality of the trademark and weaken its selling power.[51]

1. State Anti-Dilution Laws

Anti-dilution statutes arose to fill the void left by the failure of trademark infringement law to stop the unauthorized use of marks when there was no likelihood of confusion.[52] In 1947, Massachusetts adopted the first state anti-dilution

45. *See id.* § 24:68; *see also* Mead Data Cent., Inc. v. Toyota Motor Sales, U.S.A., Inc., 875 F.2d 1026, 1035 (2d Cir. 1989) (Sweet, J., concurring) (articulating a six-part analysis for determining the likelihood of dilution caused by blurring: "(1) similarity of the marks; (2) similarity of the products covered by the marks; (3) sophistication of consumers; (4) predatory intent; (5) renown of the senior mark; and (6) renown of the junior mark").

46. *See Mead Data Cent., Inc.*, 875 F.2d at 1031 (discussing the legislative history of New York's anti-dilution statute).

47. *See* MCCARTHY, *supra* note 37, § 24:104 (quoting RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 25 cmt. g (1995)) ("To prove a case of tarnishment, the prior user must demonstrate that the subsequent use is likely to come to the attention of the prior user's prospective purchasers and that the use is likely to undermine or damage the positive associations evoked by the mark.").

48. Deere & Co. v. MTD Prods., Inc., 41 F.3d 39 (2d Cir. 1984) (holding that the defendant diluted the plaintiff's trademark by making the deer look timid and weak in an advertisement).

49. *See id.* at 41.

50. *See id.* at 45.

51. *See* RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 25 cmt. c (1995).

52. *See* L.L. Bean, Inc. v. Drake Publishers, Inc., 811 F.2d 26, 30 (1st Cir. 1987).

statute.[53] Other states began to create anti-dilution laws to protect against the use of one's trademark by another on non-competing, unrelated goods.[54] These laws protected trademark owners against the gradual weakening of the identity of their trademark rather than against consumer confusion.[55]

2. Federal Anti-Dilution Law

In 1995 only twenty-five states had state anti-dilution laws but famous marks were ordinarily used nationwide; therefore, Congress decided to create a federal dilution statute.[56] The Federal Trademark Dilution Act of 1995 (FTDA) protects only "famous" marks[57] and provides guidelines[58] to determine whether a mark is "famous." The FTDA expands the Lanham Act[59] with the addition of subsection (c) to section 43 of the Act[60] and the definition of dilution to section 45 of

53. *See* Robert N. Kleiger, *Trademark Dilution: The Whittling Away of the Rational Basis for Trademark Protection*, 58 U. PITT. L. REV. 789, 811 (1997) (citing Trademark (Lanham) Act of 1946, ch. 307, 60 Stat. 427 (1946) (codified as amended at 15 U.S.C. §§ 1051-1129 (2004))) (The law provides that the "likelihood of injury to business reputation or of dilution of the distinctive quality of a trade name or trade-mark shall be a ground for injunctive relief . . . notwithstanding the absence of competition between the parties or of confusion as to the source of goods or services.").

54. *See* Pearson, *supra* note 2, at 986.

55. *See* Schechter, *supra* note 40, at 825.

56. H.R. REP. NO. 104-374, at 3 (1995).

57. 15 U.S.C. § 1127. Dilution is defined as "the lessening of the capacity of a famous mark . . . ." *Id.* § 1125(c).

58. *See id.* § 1125(c).

> In determining whether a mark is distinctive and famous, a court may consider factors such as, but not limited to – (A) the degree of inherent or acquired distinctiveness of the mark; (B) the duration and extent of use of the mark in connection with the goods or services with which the mark is used, (C) the duration and extent of advertising and publicity of the mark; (D) the geographical extent of the trading area in which the mark is used; (E) the channels of trade for the goods or services with which the mark is used; (F) the degree of recognition of the mark in the trading areas and channels of trade used by the marks' owner and the person against whom the injunction is sought; (G) the nature and extent of use of the same or similar marks by third parties; and (H) whether the mark was registered under the Act of March 3, 1881, or the Act of February 20, 1905, or on the principal register.

Id.

59. Trademark (Lanham) Act of 1946, 60 Stat. 427 (1946) (codified as amended at 15 U.S.C. §§ 1051-1129 (2001)).

60. 15 U.S.C. § 1125(c) (granting remedies, such as injunction, for dilution of the distinctive quality of famous marks).

the Act.[61] According to the report by the House of Representatives, the amendment was meant to protect famous trademarks from subsequent uses that blur or tarnish the distinctiveness of the mark, even without a likelihood of confusion.[62]

The FTDA allows a cause of action for "commercial use in commerce of a mark or trade name, if such use begins after the mark has become famous and causes dilution of the distinctive quality of the mark."[63] To establish dilution, the trademark owner needs to show "actual dilution, rather than a likelihood of dilution."[64] Although the bill originally required the mark to be registered, the Patent and Trademark Office argued that, in order to maintain the United States' position with its trading partners, famous marks needed protection regardless of whether the marks were registered in the country where protection was sought.[65] The FTDA provides injunctive relief to successful plaintiffs and monetary relief only if the defendant "willfully intended to trade on the owner's reputation or to cause dilution of the famous mark."[66]

The FTDA also provides for defenses against an action of dilution that include non-commercial use of the trademark,[67] news reporting and commentary,[68] fair use through comparative advertising,[69] and federal registration of a trademark.[70] Although a parody exception is not expressly listed in the defenses for dilution,[71] courts often include freedom of expression as a dilution defense as part of the "non-commercial use" defense of section 43(c)(4)(B) of the Lanham Act.[72]

C. The First Amendment as a Defense

In *Virginia State Board of Pharmacy v. Virginia Citizens*

61. *Id.* § 1127.
62. H.R. REP. NO. 104-374, at 2-3 (1995).
63. 15 U.S.C. § 1125(c)(1).
64. Moseley v. V. Secret Catalogue, Inc., 537 U.S. 418, 433 (2003).
65. *See* H.R. REP. NO. 104-374, at 4 (1995).
66. 15 U.S.C. § 1125(c)(2).
67. *Id.* § 1125(c)(4)(B).
68. *Id.* § 1125(c)(4)(C).
69. *Id.* § 1125(c)(4)(A).
70. *Id.* § 1125(c)(3).
71. *Id.* § 1125(c).
72. 15 U.S.C. § 1125(c)(4)(B); *see also* L.L. Bean, Inc. v. Drake Publishers, Inc., 811 F.2d 26, 27 (1st Cir. 1987) (involving a defendant who tried to publish a magazine with a non-commercial parody of the plaintiff's trademark).

Consumer Council, Inc.,[73] the Supreme Court recognized that the First Amendment[74] offers protection to commercial speech.[75] The Supreme Court suggested that prior to this 1976 decision, the First Amendment did not protect commercial speech.[76] Since the *Virginia State Board of Pharmacy* decision, defendants have successfully raised the First Amendment defense for the unauthorized use of trademarks in parodies that do not confuse consumers.[77]

The type of speech determines the amount of First Amendment protection given to those who use another's trademark.[78] With the *Virginia State Board of Pharmacy* decision, the Supreme Court provided a First Amendment defense for commercial speech;[79] the Court then restricted this defense in *Central Hudson Gas & Electric Corp. v. Public Service Commission of New York*.[80] The Court limited this First Amendment protection such that commercial speech concerning an unlawful or misleading activity is not protected by the First Amendment.[81] States can even ban truthful, non-misleading commercial speech to protect the public from responding "irrationally" to the truth.[82] Sometimes the type of

73. 425 U.S. 748 (1976) (involving a Virginia statute that prohibited licensed pharmacists from advertising prescription drug prices).

74. U.S. CONST. amend. I. "Congress shall make no law respecting an establishment of religion, or prohibiting the free exercise thereof; or abridging the freedom of speech, or of the press; or the right of the people peaceably to assemble, and to petition the Government for a redress of grievances." *Id.*

75. *Va. State Bd. of Pharmacy*, 425 U.S. at 765 (holding that advertising of commercial products deserves the same constitutional protection as political speech or writing). Commercial speech is defined as speech that "involves only the commercial interests of the speaker and the audience, and is therefore afforded lesser First Amendment protection than social, political, or religious speech." BLACK'S LAW DICTIONARY 1407 (7th ed. 2000).

76. *Id.* at 758. "There can be no question that in past decisions the Court has given some indication that commercial speech is unprotected." *Id.*

77. *See* Cliffs Notes, Inc. v. Bantam Doubleday Dell Publ'g. Group, Inc., 886 F.2d 490, 495 (2d Cir. 1989) (holding that the defendant could parody *Cliffs Notes* based on the First Amendment); *see also* discussion *infra* Part II.E.2.

78. *See* MCCARTHY, *supra* note 37, § 31:37 (distinguishing commercial speech from other speech).

79. *Va. State Bd. of Pharmacy*, 425 U.S. at 748.

80. 447 U.S. 557 (1980).

81. *Id.* at 566. "For commercial speech to come with that provision [First Amendment], it at least must concern lawful activity and not be misleading." *Id.*

82. Linmark Assocs., Inc. v. Willingboro, 431 U.S. 85, 96-97 (1977). "If dissemination of this information ['For Sale' signs] can be restricted, then every locality in the country can suppress any facts that reflect poorly on the locality, so long as a plausible claim can be made that disclosure would cause the recipi-

speech is not readily discernible. For example, when commercial speech and fully protected speech are "inextricably intertwined," the Supreme Court considers the total mix as non-commercial, fully protected speech.[83] Because advertisements contain both social and commercial value, courts may differ when categorizing speech as commercial or non-commercial.[84]

In trademark infringement and dilution cases, defendants have successfully invoked the protection of the First Amendment by alleging that the use of the plaintiff's trademark was meant to convey an important social or commercial message to the public.[85] The use of another's trademark in a parody often lies within the constitutional protection given to non-commercial speech and thus may be subject to liability only in the most narrow circumstances.[86] If a defendant uses another's trademark in a commercial context, then a First Amendment defense is usually rejected.[87] For example, in *Mutual of Omaha Insurance Co. v. Novak*,[88] the defendant conveyed a message of protest against nuclear weapons by marketing products bearing the phrase "Mutant of Omaha."[89] Because other non-commercial alternatives existed to express the message without using the plaintiff's trademark, the court rejected the defendant's First Amendment defense.[90]

D. The Definition of Parody

A parody is "a writing in which the language and style of

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ents of the information to act 'irrationally.'" *Id. But see Va. State Bd. of Pharmacy*, 425 U.S. at 770 (denying the government such sweeping powers).

83. Riley v. Nat'l Fed'n of the Blind, Inc., 487 U.S. 781, 796 (1988). "[W]here, as here, the component parts of a single speech are inextricably intertwined, we cannot parcel out the speech, applying one test to one phrase and another test to another phrase. Such an endeavor would be both artificial and impractical. Therefore, we apply our test for fully protected speech." *Id.*; *see also* McCarthy, *supra* note 37, § 31:141.

84. *See* discussion *infra* Part IV.B.3.

85. *See* MCCARTHY, *supra* note 37, § 31:144 (discussing the use of someone else's trademark to convey a message).

86. *See* RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 25 cmt. i (1995).

87. *See* MCCARTHY, *supra* note 37, § 31:144.

88. 836 F.2d 397 (8th Cir. 1987).

89. *Id.* at 398.

90. *Id.* at 402. "Other avenues for Novak to express his views exist and are unrestricted by the injunction; for example, it in no way infringes upon the constitutional protection the First Amendment would provide were Novak to present an editorial parody in a book, magazine, or film." *Id.*

an author or work is closely imitated for comic effect or in ridicule often with certain peculiarities greatly heightened or exaggerated."[91] An effective parody "must convey two simultaneous—and contradictory—messages: that it is the original, but also that it is *not* the original and is instead a parody."[92]

Parody is used as a defense when defendants poke fun at a plaintiff's trademark.[93] For example, in *L.L. Bean, Inc. v. Drake Publishers, Inc.*,[94] the defendant published a magazine article displaying the L.L. Bean trademark along with sexually explicit pictures and claimed parody as a defense to the infringement claim.[95] The court held that enjoining the publication of the parody would violate the First Amendment guarantees of freedom of expression.[96]

The amount of First Amendment protection granted to parodies is still unsettled by the courts.[97] Public policy considerations deem important both the protection of the right to parody another's trademark and the protection of one's trademark investment and good will.[98] As a result, courts tend to be more critical of parodies that are used to sell a competitive product and less critical of parodies that are used solely for entertainment or social criticism.[99]

Historically, trademark law has prohibited any use of a trademark that would harm the trademark's good will.[100] Furthermore, trademark law provides remedies for the unau-

91. WEBSTER'S THIRD NEW INTERNATIONAL DICTIONARY OF THE ENGLISH LANGUAGE UNABRIDGED 1643 (3d ed. 1993).

92. Cliffs Notes, Inc. v. Bantam Doubleday Dell Publ'g Group, Inc., 886 F.2d 490, 494 (2d Cir. 1989); *see also* People for the Ethical Treatment of Animals v. Doughney, 263 F.3d 359, 364 (4th Cir. 2001) (holding that the defendant's use of PETA's mark in its domain name did not constitute a parody because the messages, the famous PETA name and Doughney's "People Eating Tasty Animals" web site, were not conveyed simultaneously, and thus consumers could not determine that PETA was not associated with the defendant's web site until after arriving at the web site).

93. *See* Kane, *supra* note 5, § 12:1.3.

94. 811 F.2d 26 (1st Cir. 1987).

95. *Id.* at 27.

96. *Id.* at 34 (stating that "[d]enying parodists the opportunity to poke fun at symbols and names which have become woven into the fabric of our daily life, would constitute a serious curtailment of a protected form of expression").

97. *See* Pearson, *supra* note 2, at 999.

98. *See* Kane, *supra* note 5, § 12:1.3.

99. *See id.*

100. *See* Dallas Cowboys Cheerleaders, Inc. v. Pussycat Cinema, Ltd., 604 F.2d 200, 205 (2d Cir. 1979) (quoting Coca-Cola Co. v. Gemini Rising, Inc., 346 F. Supp. 1183, 1189 (E.D.N.Y. 1972)).

thorized commercial use of a trademark that results in injury.[101] The parody defense is used in a variety of causes of action, such as the right of publicity (an intellectual property cause of action) and defamation (a tort cause of action).[102] However, this comment will only examine parody under intellectual property laws, specifically trademark infringement and dilution.

E. Parody and Trademark Infringement[103]

The Second Circuit has unambiguously acknowledged a parody defense for trademark infringement.[104] Although this comment refers to parody as a defense to trademark infringement,[105] courts do not treat parody as a separate defense but rather as a response to the likelihood of confusion rationale.[106]

When a direct competitor uses the trademark owner's mark, courts may frequently find a likelihood of confusion.[107] For instance, in *Wendy's International, Inc. v. Big Bite, Inc.*,[108] the court enjoined the use of the Wendy's mascot of a young girl with red pigtails in an advertisement by a competing restaurant.[109] However, parody is an irrelevant factor in a

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101. *See L.L. Bean, Inc.*, 811 F.2d at 29 (citing Lucasfilm, Ltd. v. High Frontier, 622 F. Supp. 931, 933-35 (D.D.C. 1985) (finding that a trademark owner's rights extends only to injurious, unauthorized commercial uses of the mark by another)).

102. *See* RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 25 cmt. i (1995); *see also* Mattel, Inc. v. MCA Records, Inc., 296 F.3d 894, 899 (9th Cir. 2002); Hoffman v. Capital Cities/ABC, Inc., 255 F.3d 1180, 1183 (9th Cir. 2001).

103. *See* discussion *supra* Part II.A.3.

104. *See* Tin Pan Apple, Inc. v. Miller Brewing Co., 737 F. Supp. 826, 833 (S.D.N.Y. 1990) (stating that "[t]he Second Circuit recognizes parody as a defense to a Lanham Act claim").

105. *See* discussion *infra* Part V.

106. *See* MCCARTHY, *supra* note 37, § 31:153; *see also* Elvis Presley Enters., Inc. v. Capece, 141 F.3d 188, 198 (5th Cir. 1998) (stating that parody is not a "defense," but another factor to be weighed in the likelihood of confusion analysis for trademark infringement); Dr. Seuss Enters., L.P. v. Penguin Books USA, Inc., 109 F.3d 1394, 1405 (9th Cir. 1997) (stating that parody is not a separate "defense," but is merely a way of phrasing the traditional response that there is no likelihood of confusion).

107. *See* Kane, *supra* note 5, § 12:1.3.

108. 576 F. Supp. 816 (S.D. Ohio 1983).

109. *See id.* at 824 (explaining that because the parties are in direct competition, there is a greater likelihood of confusion). "If Big Bite were parodying the Little Wendy character in an effort to sell used cars, then it would be more difficult to find a likelihood of confusion since used cars are not substitutes for hamburgers . . . ." *Id.*

likelihood of confusion analysis if the target of the parody is not the trademark itself but some other concept.[110] For instance, in *Dr. Seuss Enterprises, L.P. v. Penguin Books USA, Inc.*,[111] the defendant's use of the Dr. Seuss trademark in a book title was meant only to get attention rather than to mock the substance or style of *The Cat in the Hat!* books and thus received no First Amendment protection.[112]

1. Parodies Found Likely to Cause Confusion

Courts find that some parodies cause "confusion" when the consumer may believe the trademark owner authorized a third party to parody the protected work. In the following cases, the courts held that the parodies were likely to cause consumer confusion.

In *Mutual of Omaha Insurance Co. v. Novak*,[113] Novak sold t-shirts, caps, buttons, and mugs that mocked Mutual of Omaha in order to protest nuclear arms.[114] The Eighth Circuit upheld the injunction against Novak's continued sale of goods containing the words "Mutant of Omaha" and bearing symbols with a likeness to the plaintiff's Indian head logo because of the likelihood of confusion between Mutual of Omaha's trademarks and Novak's designs.[115]

In *Anheuser-Busch, Inc. v. Balducci Publications*,[116] the defendants published the humor magazine *Snicker* and placed a fictitious advertisement for "Michelob Oily" on the back cover to protest toxic dumping.[117] The accompanying graphics of the advertisement included several of Anheuser-Busch's protected trademarks such as the Michelob name and slogan.[118] The advertisement contained the words, "One Taste and You'll Drink It Oily," which parodied Michelob Dry's "One Taste and You'll Drink It Dry" slogan.[119] Upon weighing the public interest in protecting Balducci's expression against the public interest in avoiding consumer confusion, the Eighth

110. *See* MCCARTHY, *supra* note 37, § 31:153.
111. 109 F.3d 1394 (9th Cir. 1997).
112. *Id.* at 1401.
113. 836 F.2d 397 (8th Cir. 1987).
114. *Id.* at 398.
115. *Id.* at 398, 403.
116. 28 F.3d 769 (8th Cir. 1994).
117. *Id.* at 772.
118. *See id.*
119. *Id.*

Circuit held that the parody was likely to confuse consumers and that Balducci could have conveyed its message in an alternative, less-confusing manner.[120]

In *Dr. Seuss Enterprises, L.P. v. Penguin Books USA, Inc.*,[121] the Ninth Circuit determined whether the defendant's poetic summary of the O.J. Simpson double murder trial entitled *The Cat NOT in the Hat! A Parody by Dr. Juice* infringed the trademarks of Dr. Seuss.[122] Because the court found a likelihood of confusion and a balance of hardships favoring Seuss, the court enjoined Penguin from the use of the Seuss trademarks.[123]

2. Parodies Found Not Likely to Cause Confusion

In *Jordache Enterprises v. Hogg Wyld, Ltd.*,[124] the defendant marketed its blue jeans for larger women with a smiling pig and the word "Lardashe" on the seat of the pants to parody the famous Jordache label.[125] Because Lardashe used a humorous and brightly colored design while Jordache had a more subtle label, the Tenth Circuit determined that these obvious differences greatly outweighed any similarities between the marks.[126]

In *Cliffs Notes, Inc. v. Bantam Doubleday Dell Publishing Group, Inc.*,[127] the defendant published *Spy Notes* as a parody of a condensation of urban novels depicting drug abuse in the 1980s to mimic the *Cliffs Notes* study guides.[128] Although the cover of *Spy Notes* used some of the identical aspects of the *Cliffs Notes* cover design, the Second Circuit vacated the injunction against the defendant because the public interest in free expression outweighed any slight risk of consumer confusion, especially when a parody must to some extent resemble the original.[129]

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120. *Id.* at 776-77 (stating that "using an obvious disclaimer, positioning the parody in a less-confusing location, altering the protected marks in a meaningful way, or doing some collection of the above, Balducci could have conveyed its message with substantially less risk of consumer confusion").

121. 109 F.3d 1394 (9th Cir. 1997).

122. *Id.* at 1396.

123. *Id.* at 1406.

124. 828 F.2d 1482 (10th Cir. 1987).

125. *Id.* at 1483.

126. *See id.* at 1485.

127. 886 F.2d 490 (2d Cir. 1989).

128. *Id.* at 492.

129. *Id.* at 497 (holding that "the district court erred as a matter of law in

In *Lyons Partnership v. Giannoulas*,[130] the defendant, creator of The Famous Chicken sports mascot, used the plaintiff's Barney trademark in his act in which the Chicken assaulted Barney.[131] The Fifth Circuit found that the use of the Barney trademark was clearly a parody, particularly because the strength of the Barney mark may have helped the consumers to recognize the joke easily.[132]

In *New York Stock Exchange, Inc. v. New York, New York Hotel, LLC*,[133] the defendants developed a Las Vegas casino that used modified versions of NYSE's marks to adhere to its New York theme.[134] Upon a "Polaroid" analysis,[135] the Second Circuit concluded that the "obvious pun" would not cause any confusion among consumers.[136]

In *Mattel, Inc. v. MCA Records, Inc.*,[137] Mattel sued the defendants for producing and selling a song that parodied its famous Barbie doll.[138] The Ninth Circuit held that the song about Barbie did not infringe Mattel's trademark because the song did not mislead consumers as to the source or suggest any association with Mattel.[139]

F. Parody and Trademark Dilution

The parody defense also applies to trademark dilution actions.[140] Use of a trademark in a parody is often unlikely to cause the dilution of the mark's distinctiveness because the use of the mark in the parody refers back to the trademark

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concluding . . . that there was a strong likelihood of confusion").

130. 179 F.3d 384 (5th Cir. 1999).

131. *See id.* at 385, 387.

132. *See id.* at 388. "When, as here, a parody makes a specific, ubiquitous trademark the brunt of its joke, the use of the trademark for satirical purposes affects our analysis of the factors to consider when determining whether the use is likely to result in consumer confusion." *Id.* at 390.

133. 293 F.3d 550 (2d Cir. 2002).

134. *See id.* at 553.

135. *See supra* note 39 and accompanying text.

136. *N.Y.S.E., Inc.*, 293 F.3d at 555.

137. 296 F.3d 894 (9th Cir. 2002).

138. *Id.* at 899.

139. *Id.* at 902. "The song title does not explicitly mislead as to the source of the work; it does not, explicitly or otherwise, suggest that it was produced by Mattel." *Id.*

140. *See* L.L. Bean, Inc. v. Drake Publishers, Inc., 811 F.2d 26, 28 (1st Cir. 1987). "[P]arody inevitably conflicts with one of the underlying purposes of the . . . anti-dilution statute, which is to protect against the tarnishment of the goodwill and reputation associated with a particular trademark." *Id.*

owner.[141] However, the use of the mark can still be dilutive as long as the distinctiveness of the mark is diminished when the mark no longer conjures up only the senior user.[142]

Although vulnerable to a dilution attack, parodies can withstand tarnishment of a famous mark.[143] Tarnishment caused merely by an editorial or artistic parody in a non-commercial context receives the free speech protections of the First Amendment and thus is not actionable under an anti-dilution statute.[144] In fact, an editorial, non-commercial parody that causes tarnishment receives the greatest amount of First Amendment protection,[145] but that protection decreases if the trademark is used in a commercial context.[146] According to the Restatement of Unfair Competition, non-trademark uses that "comment on, criticize, ridicule, parody or disparage" a trademark are exempt from anti-dilution statutes.[147]

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141. *See* RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 25 cmt. f (1995).

142. *See Mattel Inc.*, 296 F.3d at 903-04. MCA's use of Mattel's mark exemplifies a "blurring" type of dilution. After the song about Barbie became popular, consumers are likely to think of both the doll and the song or maybe just the song upon hearing Barbie's name. *Id.*

143. *See* Kane, *supra* note 5, § 12:1.3.

144. *See L.L. Bean, Inc.*, 811 F.2d at 33.

> If the anti-dilution statute were construed as permitting a trademark owner to enjoin the use of his mark in a noncommercial context found to be negative or offensive, then a corporation could shield itself from criticism by forbidding the use of its name in commentaries critical of its conduct. . . . The Constitution does not, however, permit the range of the anti-dilution statute to encompass the unauthorized use of a trademark in a noncommercial setting such as an editorial or artistic context.

Id.

145. *See* Jordache Enters. v. Hogg Wyld, Ltd., 828 F.2d 1482, 1490 n.7 (10th Cir. 1987) (stating that "[t]he tension between the first amendment and trademark rights is most acute when a noncommercial parody is alleged to have caused tarnishment, a situation in which first amendment protection is greatest").

146. *See id.* at 1489-90 (holding that the use of Lardashe as a parody of Jordache for pants does not constitute dilution because a commercial parody "tends to increase public identification of a plaintiff's mark with the plaintiff" and does not create an unwholesome or tarnishing image).

147. RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 25(2) (1995). Uses of a mark "to comment on, criticize, ridicule, parody, or disparage . . . is subject to liability without proof of a likelihood of confusion only if the actor's conduct meets the requirements of a cause of action for defamation, invasion of privacy, or injurious falsehood." *Id.* There is no mention of dilution. An "extension of the antidilution statutes to protect against damaging nontrademark uses raises substantial free speech issues and duplicates other potential remedies better suited to balance the relevant interests." *Id.* at cmt. i.

The unauthorized use of trademarks in parodies "risk some dilution of the identifying or selling power of the mark, but that risk is generally tolerated in the interest of maintaining broad opportunities for expression."[148]

1. Parodies Found Likely to Cause Dilution

In *Dallas Cowboys Cheerleaders, Inc. v. Pussycat Cinema, Ltd.*,[149] the Second Circuit held that the actress sometimes clad in a Dallas Cowboys Cheerleader uniform in an X-rated film diluted the reputation of the plaintiff.[150] Because the uniform depicted in the film undeniably brought to mind the Dallas Cowboy Cheerleaders, consumers who saw the film likely would not be able to disassociate it from the plaintiff's cheerleaders.[151] Furthermore, the injunction did not encroach upon the defendant's First Amendment rights because alternative methods existed to comment on sexuality and athleticism.[152]

Similarly, in *Pillsbury Co. v. Milky Way Products, Inc.*,[153] the defendant published *Screw* magazine with a picture of figures resembling the plaintiff's trade characters "Poppin Fresh" and "Poppie Fresh" in lewd poses.[154] The court found that the defendants' unauthorized use of the trademark in a negative manner could injure the plaintiff's business reputation or dilute the distinctive quality of its trademarks.[155]

In *Deere & Co. v. MTD Products, Inc.*,[156] the defendant created a commercial for its lawn tractor that depicted an animated deer simulating the John Deere logo running away from its lawn tractor in fear.[157] The Second Circuit found dilution because the defendant significantly altered the Deere logo such that consumers would associate the trademark with inferior goods.[158]

148. Deere & Co. v. MTD Prods., Inc., 41 F.3d 39, 44 (2d Cir. 1994).
149. 604 F.2d 200 (2d Cir. 1979).
150. *Id.* at 202.
151. *Id.* at 205 (stating that this association tends to hold plaintiffs responsible for such an offensive film and injure its business reputation).
152. *Id.* at 206.
153. 215 U.S.P.Q. 124 (N.D. Ga. 1981).
154. *Id.* at 125-26.
155. *Id.* at 135.
156. 41 F.3d 39 (2d Cir. 1994).
157. *Id.* at 41.
158. *Id.* at 45.

2. Parodies Found Not Likely to Cause Dilution

In *Jordache Enterprises v. Hogg Wyld, Ltd.*,[159] Jordache also raised a claim under New Mexico's anti-dilution statute.[160] Although the Lardashe, large-size designer jeans, may have been in poor taste, the continued existence of Lardashe jeans would not cause Jordache to lose its distinctiveness as a strong trademark or create in the mind of consumers a particularly unwholesome association with the Jordache mark.[161]

In *Hormel Foods Corp. v. Jim Henson Products, Inc.*,[162] Jim Henson created a wild boar Muppet character named SPA'AM to parody Hormel's SPAM meat products.[163] The Second Circuit found no blurring because the dissimilarity of the marks in the parody would not weaken the association between the SPAM trademark and Hormel's lunch meat.[164] Furthermore, the court found no dilution under a tarnishment theory because Henson's likeable and positive SPA'AM character would not create any negative associations with Hormel.[165]

In *L.L. Bean Inc. v. Drake Publishers, Inc.*,[166] the defendant published an article depicting L.L. Bean's catalog trademark with sexually explicit pictures.[167] Although the defendant used L.L. Bean's trademark in a negative or offensive context, the First Circuit permitted the unauthorized use in a non-commercial setting.[168]

III. THE PROBLEM WITH INCONSISTENCY

The preceding discussion illustrates that courts have

159. 828 F.2d 1482 (10th Cir. 1987).
160. *Id.* at 1488.
161. *See id.* at 1490. Likewise, in the context of copyright parody, the Supreme Court has held that "[t]he threshold question when fair use is raised in defense of parody is whether a parodic character may reasonably be perceived. Whether, going beyond that, parody is in good taste or bad does not and should not matter to fair use." Campbell v. Acuff-Rose Music, Inc., 510 U.S. 569, 582, 594 (1994) (holding that the commercial character of the rap music group 2 Live Crew's parody of the copyrighted song, "Oh, Pretty Woman," did not create a presumption against copyright fair use); *see also* 17 U.S.C. §§ 101, 107 (2003).
162. 73 F.3d 497 (2d Cir. 1996).
163. *Id.* at 500.
164. *See id.* at 506.
165. *See id.* at 507.
166. 811 F.2d 26 (1st Cir. 1987).
167. *See id.* at 27.
168. *See id.* at 33.

ruled inconsistently on trademark cases involving parody.[169] Consequently, this conflict among the courts demonstrates the need for a set of rules on how to approach trademark infringement and dilution cases such that trademark protection is balanced with free expression rights of the First Amendment.

Although courts have followed a "Polaroid"[170] type of analysis to determine whether use constitutes trademark infringement, they have failed to devise a clear rule to determine when a parody that may cause a likelihood of confusion merits First Amendment protection.[171] Moreover, because the FTDA is unclear on First Amendment defenses,[172] courts are left to develop their own approach to apply free speech rights to trademark dilution.[173]

There must be a uniform method to determine when a parody becomes actionable under trademark laws and when it serves as a defense under the First Amendment.[174] By examining case history, this comment suggests an approach that balances a trademark owner's rights with a parodist's right to freedom of speech.

IV. AN ANALYSIS OF CIRCUIT COURT DECISIONS

Some parts of this analysis naturally will fall under the category of trademark infringement, such as avoiding consumer confusion, while others will fall under trademark dilution, like altering the mark, portraying the mark in an unwholesome manner, or competing versus non-competing products. Still another part of the analysis will encompass both infringement and dilution. For instance, infringement and dilution should be considered simultaneously for a discussion of alternatives to parody.

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169. *See* discussion *supra* Part II.E-F.

170. *See supra* note 39 and accompanying text.

171. *See* Anheuser-Busch, Inc. v. Balducci Publ'ns, 28 F.3d 769, 776 (8th Cir. 1994). "There is no simple, mechanical rule by which courts can determine when a potentially confusing parody falls within the First Amendment's protective reach." *Id.*

172. *See* 15 U.S.C. § 1125 (2004). A parody exception is not expressly stated as a defense to dilution. *See also* discussion *supra* Part II.B.

173. *See* Levy, *supra* note 22, at 435.

174. *See* Mattel, Inc. v. MCA Records, Inc., 296 F.3d 894, 900 (9th Cir. 2002) (stating that if we "ignore the expressive value that some marks assume, trademark rights would grow to encroach upon the zone protected by the First Amendment").

This analysis will review previous trademark parody cases to demonstrate the contradictions among decisions from different courts.

A. Approaches to Trademark Infringement

During the 1989 revision of the Lanham Act, Congress expressly included trademark protection against confusion as to "origin, sponsorship, or approval."[175] However, because the "keystone of parody is imitation,"[176] courts have tolerated somewhat more risk of confusion for cases involving parody.[177]

1. The Balancing Approach

The first approach used by courts involves balancing two competing considerations: allowing free expression and avoiding or at least reducing consumer confusion. In fact, a likelihood of confusion analysis usually helps to balance the trademark owner's property rights and the public's interest in free expression.[178]

The satiric *Spy Notes* book in *Cliffs Notes, Inc. v. Bantum Doubleday Dell Publishing Group, Inc.*[179] imitated *Cliffs Notes'* distinctive yellow and black cover.[180] But the *Spy Notes* parody also contained important differences such as the words "A Satire" appearing fives times in red lettering and an illustration of New York City instead of the *Cliff Notes* mountain illustration.[181]

In overturning the district court's grant of a preliminary injunction, the Second Circuit followed the proposition that the First Amendment protects parody, a form of artistic expression.[182] The court followed a balancing approach that was first introduced in *Rogers v. Grimaldi*[183] in which the Lanham

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175. 15 U.S.C. § 1125(a).

176. Cliffs Notes, Inc. v. Bantam Doubleday Dell Publ'g Group, Inc., 886 F.2d 490, 494 (2d Cir. 1989).

177. *See id.* at 495; *see also* discussion *supra* Part II.E.2.

178. *See Mattel, Inc.*, 296 F.3d at 900.

179. *Cliffs Notes, Inc.*, 886 F.2d 490.

180. *Id.* at 492.

181. *Id.*

182. *Id.* at 493; *see also* Silverman v. CBS Inc., 870 F.2d 40, 49 (2d Cir. 1989) (stating that "trademark protection is not lost simply because the allegedly infringing use is in connection with a work of artistic expression"). In this case Silverman attempted to develop a Broadway musical based on CBS's "Amos 'n' Andy" characters. *Id.* at 42.

183. 875 F.2d 994 (2d Cir. 1989). In *Rogers v. Grimaldi*, actress Ginger

Act was construed narrowly to avoid conflicts with the First Amendment.[184] The *Rogers* court held that "the Act should be construed to apply to artistic works only where the public interest in avoiding consumer confusion outweighs the public interest in free expression."[185]

In *Cliffs Notes* the court held that the balancing approach generally applies to Lanham Act claims against works of artistic expression such as parody.[186] Furthermore, "a balancing approach allows greater latitude for works such as parodies, in which expression, and not commercial exploitation of another's trademark, is the primary intent, and in which there is a need to evoke the original work being parodied."[187] Thus, the public interest in parody outweighed the degree of risk of consumer confusion between the *Spy Notes* parody and *Cliffs Notes*.[188]

2. *Likelihood of Confusion First, then Balancing Approach*

A second approach to trademark infringement also weighs free speech with trademark laws, but first considers whether the parody is likely to cause consumer confusion.[189] This approach differs from *Cliffs Notes*, in which the Second Circuit used the First Amendment to rule out a likelihood of confusion without addressing the confusion factors.[190]

In *Anheuser-Busch, Inc. v. Balducci Publications*,[191] the Eighth Circuit first performed a likelihood of confusion analy-

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Rogers claimed that a title of the Italian film *Ginger and Fred* confused consumers as to the source by creating a false notion that she was associated with the film. *Id.* at 999. However, the Second Circuit ruled that the Lanham Act provided no protection to this artistic work because in this instance, the public interest in free expression outweighed the public interest in avoiding consumer confusion. *Id.* Note that this is how the balancing approach developed in the Second Circuit. Other circuits also used a balancing approach. For example in *Mutual of Omaha Ins. Co. v. Novak*, 775 F.2d 247 (8th Cir. 1985), the Eighth Circuit first determined a likelihood of confusion and then balanced the First Amendment with the Lanham Act to determine that the defendant's use constituted trademark infringement. *Id.* at 249.

184. *Rogers*, 875 F.2d at 998.
185. *Id.* at 999.
186. *Cliffs Notes, Inc.*, 886 F.2d at 495.
187. *Id.*
188. *Id.* at 495.
189. *See* Perez, *supra* note 19, at 1481.
190. *See Cliffs Notes, Inc.*, 886 F.2d at 497.
191. 28 F.3d 769 (8th Cir. 1994).

sis to Balducci's parody before considering First Amendment protection.[192] After finding a strong likelihood of confusion, the court quickly dismissed any parody defense because Balducci's advertisement conveyed that it was the original Anheuser-Busch rather than an imitation.[193]

The Ninth Circuit also considered the likelihood of confusion factors before applying a *Rogers*[194] type of balancing to *Mattel, Inc. v. MCA Records, Inc.*[195] The court held that the defendant's *Barbie Girl* song did not infringe Mattel's trademark because the use of the Barbie mark was artistically relevant to the song, and the title did not explicitly mislead consumers as to the source.[196]

3. Apply Just the Lanham Act to Parody

A third approach to trademark infringement ignores the balancing approaches and simply considers the likelihood of confusion caused by a parody. In other words, true parody may be protected by simply applying the Lanham Act.[197] This approach looks to the intent of the unauthorized use of another's trademark. Where one chooses a mark as a parody of an existing mark, the intent to parody does not necessarily infer an intent to confuse the public but rather to amuse the public.[198]

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192. *Id.* at 773. On appeal the Eighth Circuit determined that the district court erred because instead of "first considering whether Balducci's ad parody was likely to confuse the public and then considering the scope of First Amendment protection, the district court conflated the two." *Id.*

193. *Id.* at 777. "Balducci's ad, developed through the nearly unaltered appropriation of Anheuser-Busch's marks, conveys that it is the original, but the ad founders on its failure to convey that it is not the original. Thus, it is vulnerable under trademark law since the customer is likely to be confused . . . ." *Id.*; *see also* discussion *supra* Part II.D. (defining parody).

194. Rogers v. Grimaldi, 875 F.2d 994 (2d Cir. 1989).

195. 296 F.3d 894, 900 (9th Cir. 2002); *see also* Dr. Seuss Enters., L.P. v. Penguin Books USA, Inc., 109 F.3d 1394, 1404-05 (9th Cir. 1997) (applying the same test).

196. *Mattel, Inc.* 296 F.3d at 902; *see also Rogers*, 875 F.2d at 999 (holding that literary titles do not violate the Lanham Act "unless the title has no artistic relevance to the underlying work whatsoever, or, if it has some artistic relevance, unless the title explicitly misleads as to the source or the content of the work").

197. *See* Perez, *supra* note 19, at 1482.

198. *See* Jordache Enters., Inc. v. Hogg Wyld, Ltd., 828 F.2d 1482, 1486 (10th Cir. 1987). Under copyright law, parody refers to the use of some elements of a prior author's work to create a new work that, to some extent, comments on the original author's work. *See, e.g.*, Campbell v. Acuff-Rose Music, Inc., 510 U.S.

In *Lyons Partnership v. Giannoulas*,[199] the Fifth Circuit first determined that the defendant's humorous act was meant to parody the Barney character and then considered the likelihood of confusion.[200] The court held that the use of a trademark for parody affects the analysis of the likelihood of confusion factors such that the parodic nature of the use of the mark cannot be separated from the confusion analysis.[201]

Likewise, in *New York Stock Exchange, Inc. v. New York, New York Hotel, LLC*,[202] the Second Circuit only evaluated the Lanham Act's likelihood of confusion factors to determine that the defendant's "obvious pun" of a New York-themed casino did not infringe upon the trademark rights of the NYSE.[203] The court found unlikely that consumers would misunderstand the casino's attempt at a humorous theme,[204] especially because humorous parody "depends on a lack of confusion to make its point."[205]

In *Jordache Enterprises, Inc. v. Hogg Wyld, Ltd.*,[206] the Tenth Circuit simply incorporated the intent to parody into the likelihood of confusion factors.[207] The court found that the defendants adopted the "Lardashe" mark with the intent to parody rather than to confuse the public.[208]

Under certain circumstances, this approach allows the parties to avoid trial.[209] By considering the defendant's conduct as a parody while evaluating a likelihood of confusion, a court may award summary judgment if there is overwhelming evidence of a parody that does not confuse.[210] Thus, even if some of the factors weigh in favor of the plaintiff for a likeli-

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569, 580 (1994); *see also* 17 U.S.C. §§ 101, 107 (2004).

199. 179 F.3d 384 (5th Cir. 1999).

200. *Id.* at 389.

201. *Id.* at 390.

202. 293 F.3d 550 (2d Cir. 2002).

203. *Id.* at 555-56.

204. *Id.* at 556.

205. Hormel Foods Corp. v. Jim Henson Prods., Inc., 73 F.3d 497, 503 (2d Cir. 1996).

206. 828 F.2d 1482 (10th Cir. 1987).

207. *Id.* at 1485.

208. *Id.* at 1486-87. Under *Campbell*, the Supreme Court determined that the intent to use a parody for commercial gain does not create a presumption against fair use; the question is whether someone can reasonably perceive the parodic character of the copyrighted work. Campbell v. Acuff-Rose Music, Inc., 510 U.S. 569, 582-84 (1994).

209. *See* Lyons P'ship v. Giannoulas, 179 F.3d 384, 389 (5th Cir. 1999).

210. *See id.*

hood of confusion, these factors can be outweighed by parody, when treated as an additional factor in the likelihood of confusion analysis.[211]

Although this approach seems to allow trademark infringement for the sake of parody, not every parody is automatically exempt from the traditional laws of trademark.[212] Despite the intent to create a parody, a likelihood of confusion can still exist.[213] However, this approach seems to suppress any notions that parody simply ignores trademark law by focusing on the intent of parody. For instance, Giannoulas used parody to highlight the differences between Barney and The Famous Chicken rather than to confuse his audience.[214] Moreover, "[a] parody relies upon a difference from the original mark, presumably a humorous difference, in order to produce its desired effect."[215]

B. Approaches to Trademark Dilution

Unlike the trademark infringement analysis, which focuses upon how to apply a parody defense to the Lanham Act, the trademark dilution analysis centers on when to apply dilution law. This dilution analysis compares how the courts handle parodies that may blur or tarnish the trademark.

Anti-dilution statutes stemmed from the void left by trademark infringement laws.[216] Unlike trademark infringement, dilution does not require a likelihood of confusion[217] and thus follows a different analysis. The dilution theory protects famous trademarks, even in the absence of a likelihood of confusion, if the use diminishes the strong identification value of the mark.[218]

1. Alteration of the Trademark for Parody

Dilution by "blurring" can occur when the use or modifi-

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211. *See id.*

212. *See* MCCARTHY, *supra* note 37, § 31:153. "Some parodies will constitute an infringement, some will not. But the cry of 'parody!' does not magically fend off otherwise legitimate claims of trademark infringement or dilution." *Id.*

213. *Jordache Enters., Inc.*, 828 F.2d at 1486.

214. *See Lyons P'ship*, 179 F.3d at 386-87.

215. *Jordache Enters., Inc.*, 828 F.2d at 1486.

216. *See* L.L. Bean, Inc. v. Drake Publishers, Inc., 811 F.2d 26, 30 (1st Cir. 1987).

217. *See* discussion *supra* Part II.B.

218. *See* MCCARTHY, *supra* note 37, § 24:70.

cation of another's mark results in the mark losing its ability to serve as a unique identifier.[219] Dilution by "tarnishment" can occur when the mark is "linked to products of shoddy quality, or is portrayed in an unwholesome or unsavory context," such that "the public will associate the lack of quality or lack of prestige in the defendant's goods with the plaintiff's unrelated goods."[220] The risk of some dilution of the identifying ability of a mark is generally tolerated in the public interest of maintaining opportunities for free speech.[221]

In *Deere & Company v. MTD Products, Inc.*,[222] the Second Circuit enjoined MTD from altering Deere's logo to advertise its claimed product superiority.[223] The court reasoned that although not every alteration of a trademark will constitute dilution, the amount of dilution protection given must correspond to the degree and nature of the alteration.[224]

Conversely, in *Hormel Foods Corp. v. Jim Henson Products, Inc.*,[225] the Second Circuit found no likelihood of dilution because Henson's use would not result in negative associations to Hormel's mark.[226] The court came to this conclusion because unlike the situation in *Deere & Co.*, Henson was not seeking to modify the SPAM mark to sell more of its competitive product.[227] In fact, Henson and Hormel were not in direct competition.[228]

2. Trademark Parodies that Offend

Tarnishment results when the unauthorized use of a trademark degrades any positive associations of the mark and lessens the distinctive quality of the trademark.[229] Courts have disagreed as to whether parodies that offend deserve any freedom of speech protections of the First Amendment.

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219. *See* Deere & Co. v. MTD Prods., Inc., 41 F.3d 39, 43 (2d Cir. 1994).
220. *Id.* at 43.
221. *See id.* at 44.
222. 41 F.3d 39 (2d Cir. 1994).
223. *Id.* at 45.
224. *Id.* According to the *Campbell* Court, copyright law would likely give more protection to the parody due to the alteration. Campbell v. Acuff-Rose Music, Inc., 510 U.S. 569, 580 n.14 (1994).
225. 73 F.3d 497 (2d Cir. 1996).
226. *Id.* at 508.
227. *Id.*
228. *Id.*; *see also* discussion *infra* Part IV.B.3.
229. *See* MCCARTHY, *supra* note 37, § 24:104.

In *Pillsbury v. Milky Way Products*,[230] the court deemed the offensive depiction of the plaintiff's trademark in sexually explicit activities as actionable under state anti-dilution law.[231] Likewise, the Second Circuit found a parody depicting a trademark in an offensive manner to be dilutive and harmful to the trademark owner's reputation.[232] Thus, in *Dallas Cowboys Cheerleaders, Inc. v. Pussycat Cinema, Ltd.*,[233] consumers likely would not be able to disassociate the plaintiff's trademarks from the defendant's pornographic movie.[234]

Conversely, the First Circuit held that even offensive trademark parodies convey a message.[235] In *L.L. Bean Inc. v. Drake Publishers, Inc.*,[236] the court granted First Amendment protection to the defendant's unauthorized use of the plaintiff's mark in an offensive context.[237] The First Circuit went on to state that neither the limits of the First Amendment nor the history of anti-dilution law allow a finding of tarnishment based only on the presence of an unwholesome image.[238] In fact, tarnishment results when the consumers' ability to associate the appropriate products to the trademark has diminished, not when the trademark simply has been used in an offensive manner.[239]

The Tenth Circuit agreed that a mark can be tarnished when used in an unwholesome context, but found that "[p]rescisely what suffices as an unwholesome context is not immediately evident."[240] For instance, in *Jordache Enterprises, Inc. v. Hogg Wyld, Ltd.*,[241] the court found that the

230. 215 U.S.P.Q. 124 (N.D. Ga. 1981).

231. *Id.* at 40-41.

232. Dallas Cowboys Cheerleaders, Inc. v. Pussycat Cinema, Ltd., 604 F.2d 200, 205 (2d Cir. 1979).

233. *Id.*

234. *Id.* at 205.

235. *See L.L. Bean, Inc.*, 811 F.2d at 34. "The message may be simply that business and product images need not always be taken too seriously; a trademark parody reminds us that we are free to laugh at the images and associations linked with the mark." *Id.*

236. *Id.*

237. *Id.* at 33.

238. *Id.* at 31.

239. *Id.* (finding that an application of an anti-dilution statute to a noncommercial parody is offensive to the Constitution when regulated simply because the use was in an "offensive" or "unwholesome" context).

240. Jordache Enters., Inc. v. Hogg Wyld, Ltd., 828 F.2d 1482, 1490 (10th Cir. 1987).

241. *Id.*

parody of the Jordache jeans for larger-sized women may offend some consumers but would not create an unwholesome association with the Jordache name.[242] Likewise, the First Circuit seemed to state in dicta that a determination of the offensiveness or unwholesomeness of a trademark use would inappropriately have to rely upon judicial evaluation.[243]

3. Commercial Versus Non-commercial Use

Although on its face the Federal Trademark Dilution Act of 1995 is capable of application to competitive circumstances,[244] the authorities are split as to whether the state anti-dilution statutes apply when the parties are in direct competition.[245] The theory of anti-dilution was created to protect strong marks from unauthorized use in markets far removed from those in which the famous mark appears.[246] However, in dicta, the Tenth Circuit stated that a state dilution statute cannot be limited to cases involving non-competing products.[247] Likewise, the Restatement of Unfair Competition takes the position that dilution can result in competitive circumstances because some consumers may be confused as to the source or affiliation and others may not.[248] The former group claims a likelihood of confusion and trademark infringement, while the latter group claims dilution.[249]

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242. *Id.* at 1490.

243. *See* L.L. Bean, Inc. v. Drake Publishers, Inc., 811 F.2d 26 (1st Cir. 1987) (quoting United States v. Guarino, 729 F.2d 864, 867 (1st Cir. 1984)). The First Amendment does not warrant inquiry into "measures of distress or offensiveness, depending on the reader, listener, or viewer." *Id.*

244. *See* 15 U.S.C. § 1127 (2004) (defining dilution as applying to situations regardless of the presence or absence of competition); *see also* McCarthy, *supra* note 37, § 24:90 (stating that the federal anti-dilution act is not limited to the traditional non-competitive situations when the concept of dilution was first applied).

245. *See* MCCARTHY, *supra* note 37, § 24:72.

246. *See id.* § 24:72.

247. *See Jordache Enters., Inc.*, 828 F.2d at 1489. Based on the plain language of the state anti-dilution statute that grants relief "notwithstanding the absence of competition between the parties," the anti-dilution statute cannot be limited to non-competing products. *Id.*

248. *See* RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 25 cmt. f (1995). The Reporter's Notes state that when courts hold that state anti-dilution statutes are not applicable for products in direct competition, "[t]hese cases offer no explanation beyond the desire not to duplicate traditional trademark doctrines." *Id.*

249. *See* MCCARTHY, *supra* note 37, § 24:90 (stating that a likelihood of confusion and dilution may be alleged in the alternative).

Drawing a line between commercial and non-commercial parodies becomes especially difficult when a mark is parodied for the dual purposes of making a parodic comment and selling a somewhat competing product.[250] Some courts only rarely or sparingly apply anti-dilution laws to cases involving competitive parties.[251] The Second Circuit even proposes that parodies in direct competition with the trademark should receive less First Amendment protection against a dilution claim.[252] In *Hormel Foods Corp.*,[253] the court found that because the defendant's product would not be in direct competition with that of the plaintiff's, the defendant's parody would not dilute the plaintiff's mark.[254] The Second Circuit further noted that direct competition "is an important, even if not determinative, factor."[255]

In *L.L. Bean, Inc.*,[256] the First Circuit stated that the First Amendment prevents *any* construction of an anti-dilution statute that would enjoin tarnishment in a *non-commercial* context.[257] However, in *Anheuser-Busch, Inc.*,[258] the Eighth Circuit held that such a sweeping statement should be limited to the facts of *L.L. Bean, Inc.*[259]

Even though the FTDA applies in a commercial context,[260] the Act does not clearly state a parody defense but rather states a non-commercial use defense.[261] When the FTDA was introduced in Congress, sponsors of the bill explained that the law "will not prohibit or threaten noncommercial expression, such as parody, satire, editorial and other forms of expression that are not a part of a commercial trans-

250. *See* Deere & Co. v. MTD Prods., Inc., 41 F.3d 39, 45 (2d Cir. 1994); *see, e.g.*, Yankee Publ'g Inc. v. News Am. Publ'g Inc., 809 F. Supp. 267 (S.D.N.Y. 1992) (involving a defendant who published a Christmas edition of its trendy New York magazine with a parody of the plaintiff's magazine, *The Old Farmer's Almanac*, to introduce "thrift" as a new social value for its readers).

251. *See* MCCARTHY, *supra* note 37, § 24:72.

252. *See Deere & Co.*, 41 F.3d at 45.

253. 73 F.3d 497 (2d Cir. 1996).

254. *Id.* at 507.

255. *Id.*

256. 811 F.2d 26 (1st Cir. 1987).

257. *Id.* at 33 (emphasis added).

258. 28 F.3d 769 (8th Cir. 1994).

259. *Id.* at 778.

260. *See* 15 U.S.C. § 1125(c)(1) (2004) (stating that the Act applies to "another person's commercial use in commerce of a mark").

261. *See id.* § 1125(c).

action."[262] Consequently, tension still remains between the FTDA and the First Amendment because the non-commercial exemption does not apply to commercial speech.[263]

The Ninth Circuit followed the *Hoffman* rule in which speech that is not purely commercial receives First Amendment protection.[264] In other words, use of another's mark that simultaneously makes an editorial comment and serves a commercial purpose enjoys full First Amendment protection.[265] Thus, to determine whether a parody is exempt from dilution law, the use of the mark as a whole must be examined. If any editorial or humorous comment is mixed in with the commercial aspects, the commercial parts cannot be separated and thus the parody would receive full First Amendment protection.[266]

C. Alternatives to Avoid a Lanham Act Violation

A parody should only use so much of another trademark that is necessary to convey its message.[267] For example, in *Anhueser-Busch, Inc.*,[268] Balducci's parody implied that Anheuser-Busch's products were contaminated with oil.[269] Because Balducci merely wanted to comment on the oil spill and water pollution, this attack on Anheuser-Busch was unnecessary in the parody.[270] Thus, Balducci may have avoided trademark infringement and dilution by conveying his mes-

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262. Mattel, Inc. v. MCA Records, Inc., 296 F.3d 894, 905 (9th Cir. 2002) (quoting 141 CONG. REC. S19306-10, S19310 (daily ed. Dec. 29, 1995) (statement of Sen. Hatch)).

263. *See id.* at 905 n.7.

264. *See id.* at 906 (citing Hoffman v. Capital Cities/ABC, Inc., 255 F.3d 1180, 1185-86 (9th Cir. 2001)). In *Hoffman v. Capital Cities/ABC, Inc.*, the defendant published a digitally altered picture of the actor Dustin Hoffman from the movie *Tootsie* so that Hoffman's character appeared to be wearing a designer dress. *Hoffman*, 255 F.3d at 1183. The Ninth Circuit granted the defendant full First Amendment protection for non-commercial speech because the article contained editorial value as a comment on classic films and actors. *Id.* at 1185.

265. *See Mattel, Inc.*, 296 F.3d at 906.

266. *See Hoffman*, 255 F.3d 1180 at 1185.

267. *See* Lyons P'ship v. Giannoulas, 179 F.3d 384, 388 (5th Cir. 1999) (holding that the defendant's use of the plaintiff's trademark constituted parody because only the "minimum necessary" of the mark was used to evoke the original).

268. 28 F.3d 769 (8th Cir. 1994).

269. *Id.* at 778.

270. *Id.*

sage in an alternative manner. Likewise, parodists can choose alternative methods to comment on issues without the risk of offending consumers.[271]

Because Balducci designed his advertisement to look as closely as possible to a real Anheuser-Busch advertisement and placed the parody on the back cover, the customary location of real advertisements, consumers were unable to differentiate between the original and the parody.[272] Thus, Balducci could have inserted disclaimers or altered the advertisement to remind consumers that it was a parody. Conversely, the publisher of the *Cliffs Notes* parody did take substantial steps to avoid a likelihood of consumer confusion despite using some of the identical colors and features of the *Cliffs Notes* cover design.[273] For instance, the *Spy Notes* cover contained additional colors, a clay sculpture of New York City rather than one of a bare cliff, and a more expensive price quote.[274]

Although the Second Circuit noted that, "[t]here is no requirement that the cover of a parody carry a disclaimer that it is not produced by the subject of the parody, and we ought not to find such a requirement in the Lanham Act,"[275] a disclaimer may constitute one factor considered in a likelihood of trademark infringement or dilution. For instance, in *Cliffs Notes, Inc.*,[276] the label "A Satire" placed five times on the cover of *Spy Notes*[277] may have helped consumers to avoid confusion with the original *Cliffs Notes*.

V. A PROPOSAL FOR CONSISTENCY

As discussed previously, courts have inconsistently applied trademark laws to parodies.[278] To remedy this problem, this comment proposes that Congress amend the Lanham Act to create an explicit parody defense and to establish a set of rules for the courts to follow in interpreting the Act.

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271. *See* Dallas Cowboys Cheerleaders, Inc. v. Pussycat Cinema, Ltd., 604 F.2d 200, 206 (2d Cir. 1979).

272. *See Anhueser-Busch, Inc.*, 28 F.3d at 774.

273. *See* Cliffs Notes, Inc. v. Bantam Doubleday Dell Publ'g Group, Inc., 886 F.2d 490, 497 (2d Cir. 1989).

274. *See id.* at 496.

275. *Id.* at 496.

276. *Id.*

277. *Id.*

278. *See* discussion *supra* Parts III-IV.

First, Congress should add section 33(b)(10) to the Lanham Act to describe a parody defense to trademark infringement. The defense could read: "That the use of the mark by another is in the form of parody and causes no likelihood of confusion."[279] Congress would also have to amend section 45[280] to define "parody" in terms consistent with the Second Circuit, as "convey[ing] two simultaneous—and contradictory—messages: that it is the original, but also that it is *not* the original and is instead a parody."[281]

Second, because a parody can involve a mixture of commercial and non-commercial use,[282] a parody defense cannot be sufficiently read into the non-commercial use defense of section 43(c)(4)(B) for dilution causes of action.[283] Thus, Congress should add section 43(c)(4)(D) to the Lanham Act so that a parody of a mark would not be actionable under 15 U.S.C. § 1125(c)(4).

Finally, Congress needs to develop flexible guidelines for courts to interpret the parody defense correctly.[284] Although the factors to determine a likelihood of confusion may be subjective,[285] courts need to apply the factors with an awareness of the effects of an intent to parody.[286] Then, a finding of a likelihood of confusion should be weighed against the public interest in protecting the freedom of speech. To determine whether the First Amendment interests outweigh the trademark interests, courts can evaluate factors that may include (1) the primary intent to parody for artistic or political rather than economic reasons and (2) the presence of a disclaimer to inform consumers that it is a parody. These factors weigh in favor of a parody defense.

Because dilution does not depend upon a likelihood of confusion,[287] Congress would need to apply a different set of factors to allow a parody defense in dilution causes of action.

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279. I propose that Congress should insert this section in 15 U.S.C. § 1115(b).

280. *See* 15 U.S.C. § 1127 (2004).

281. *Cliffs Notes, Inc.*, 886 F.2d at 494.

282. *See* discussion *supra* Part IV.B.3.

283. 15 U.S.C. § 1125(c)(4)(B).

284. Much like the parody and fair use defenses in copyright law, trademark law should allow for a liberal application of a parody defense. *See* Campbell v. Acuff-Rose Music, Inc., 510 U.S. 569, 594 (1994).

285. *See supra* note 39 and accompanying text.

286. *See* Jordache Enters., Inc. v. Hogg Wyld, Ltd., 828 F.2d 1482, 1485 (10th Cir. 1987).

287. *See* 15 U.S.C. § 1127; *see also* MCCARTHY, *supra* note 37, § 24:70.

Similar to the recent Supreme Court decision in *Moseley v. V. Secret Catalogue, Inc.*,[288] a trademark owner will likely have to prove that the parody actually diluted the mark to establish a violation of the FTDA. Furthermore, the courts should grant full First Amendment protection to a parody that makes any editorial comment, regardless of the presence of a commercial purpose, because the use of the mark viewed as a whole comprises some aspects of protected speech.[289] However, parodies in direct competition with the trademark should receive less First Amendment protection.[290]

VI. CONCLUSION

Although the Lanham Act is meant to protect a trademark owner's rights from infringement and dilution, a parody also serves a purpose in the public interest of freedom of speech. Because the Lanham Act fails to adequately address First Amendment protection for commercial parodies and courts have interpreted the Act inconsistently,[291] Congress needs to balance these two competing concepts. Thus, Congress should amend the Lanham Act to outline a specific parody defense under trademark infringement and dilution.[292] Furthermore, Congress would have to provide flexible guidelines for courts to follow in order to balance the First Amendment and trademark concerns that are at odds.

288. Moseley v. V. Secret Catalogue, Inc., 537 U.S. 418, 433 (2003) (holding that the trademark owner must show evidence of actual dilution to establish a violation of the FTDA).

289. *See* Hoffman v. Capital Cities/ABC, Inc., 255 F.3d 1180, 1185 (9th Cir. 2001).

290. *See* Deere & Co. v. MTD Prods., Inc., 41 F.3d 39, 45 (2d Cir. 1994).

291. *See* discussion *supra* Part II.

292. *See* discussion *supra* Part V.